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SARASOTA, FLORIDA
EX-CIA and KGB agents debate financiers

In what may be a first-of-a-kind conference in international investment circles, former CIA and KGB intelligence officials will join financial advisors next month to debate the effects of the Cold War on the world economy.

The conference, entitled INVESTFEST '83, will be held from Sept. 29 through Oct. 2 at the Hyatt Sarasota.

Featured speakers include William E. Colby, ex-CIA director, E. Howard Hunt, ex-CIA agent and Watergate conspirator and Vladimir Sakhorov, ex-KGB agent and Soviet diplomat.

From the financial community speakers will include Marshall Loeb, managing editor of Money Magazine, Donald Rowe, publisher of the Wall Street Digest and Nicholas Deak, chairman of Deak-Perera, the world's largest foreign exchange firm.

Also at the conference will be George Gallup, the nationally known pollster.

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Boom Days for Political Risk Consultants

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C.I.A. alumni have flocked to the profession.

By PETER H. STONE

BACK in November 1979, armed Iranian students stormed the gates of the United States Embassy in Teheran and took 62 Americans — and America — hostage.

While the human drama grabbed most of the headlines, it quickly became clear that more than political fortunes were dashed in the upheaval. The economic warfare that ensued also dealt a devastating blow to many United States banks and businesses that had billions of dollars invested there.

Since Iran, other crises abroad — from the political turmoil in El Salvador to the economic instability of Brazil — have further shaken the corporate confidence of many American multinationals.

"You can't be complacent about investments anywhere," said Robert O. Anderson, the chief executive officer of the Atlantic Richfield Company. "Mexico is the latest case in point. Two or three years ago it looked like a sure financial success, but now it's just the opposite."

Arco, Mr. Anderson said, "sustained some rather substantial losses in Iran."

Enter the political risk consultant. To help prevent similar losses in other trou-

ble spots, a growing number of businesses — including Arco, Bechtel, Goldman, Sachs and Chase Manhattan Bank — are turning to former American intelligence agents and high-ranking military and Government officials for assistance in planning and assessing risks to business ventures in various parts of the world. It is an arrangement clearly based on the access to foreign leaders and to sensitive — and possibly secret — information these consultants gained in Government service.

Old foreign policy hands like Henry A. Kissinger, the former Secretary of State, and Brent Scowcroft, a retired Air Force general who was Mr. Kissinger's deputy and later his successor as National Security Adviser, hung out their shingle as international business advisers last year.

"We tell clients who the reliable people are in each country," said Mr. Kissinger of his consulting firm, Kissinger Associates, Inc. whose clients include about 20 multinational corporations. "Companies have asked our advice on the Middle East, Europe and Central America."

WHILE Mr. Kissinger's recent appointment as the head of a bipartisan commission on United States policies in Central America, he has taken a six-month leave from the firm to avoid the appearance of a conflict of interest. Several of Mr. Kissinger's clients, such as Merck, Chase Manhattan and Arco, have operations and investments in Latin America.

This relatively new and potentially lucrative profession is also crowded with intelligence community alumni. Two former directors of the Central Intelligence Agency, William E. Colby and Richard Helms, are actively involved in the fledgling field. Ray S. Cline, an ex-station chief for the C.I.A. in Taiwan and the agency's former Deputy Director of Intelligence, is now a risk consultant for about six multinational companies.

And a leading British firm, Control Risks, opened a United States office in Bethesda, Md., in 1982 under the direction of Peter Goss, a former Brit-

ish intelligence agent in India and Northern Ireland, and Karl Ackerman, a former Director of Intelligence at the Department of State.

But the involvement of former public officials such as Mr. Kissinger, and veteran agents, such as Mr. Helms and Mr. Colby, has raised questions about conflicts of interest and revolving-door employment in the intelligence business. It is a problem more commonly associated with generals and lawyers who trade on their experience in the military or Government regulatory agencies.

"The growing use of former intelligence officials makes some of us a little nervous," acknowledged Gordon Rayfield, a risk analyst for the General Motors Corporation and past president of the Association of Political Risk Analysts, an industry group he helped form in 1980. "It casts a shadow on the whole field."

Still, demand is booming. "From 1977 to 1980, I probably sent about 20 retiring C.I.A. analysts to political risk consulting firms," said a former ouplacement officer for the C.I.A. "We had operations officers, too, who had backgrounds that were transferable to the private sector."

Although the experience of former C.I.A. agents and the world of risk consulting mesh well, there could be a catch: The C.I.A. requires former employees to abide by a secrecy oath.

Under terms of this agreement, each C.I.A. employee is required to submit for review all written materials which "bear on knowledge obtained while an employee worked at the C.I.A.," said Dale Peterson, press spokesman of the agency. In recent years, the C.I.A. has looked vigorously at books being written by former intelligence agents.

But Mr. Peterson is not aware that any former employee now writing risk reports submitted them for review before presenting them to a private employer. "I don't know how we can monitor this kind of activity," noted Mr. Peterson. Richard Helms said: "That's something for the Agency to decide," when asked whether he was bound by oath to submit reports for prior approval.